

**BOARD OF MAYOR AND ALDERMEN**

**March 15, 2005**

**7:30 PM**

Mayor Baines called the meeting to order.

The Clerk called the roll. There were thirteen Aldermen present.

Present: Aldermen Roy, Gatsas, Guinta, Sysyn, Osborne, Porter, O’Neil,  
Lopez, Shea, DeVries, Garrity, Smith and Forest

Absent: Alderman Thibault

Mayor Baines stated before we begin the meeting I’d just like to make an announcement. Soon we’re going to be launching…it’s called nationwide “The Mayor’s Campaign Against Cancer” and we’re going to be partnering with The American Cancer Society, the U. S. Conference of Mayors to launch this initiative to raise awareness about cancer. A lot of cancers as we all know are preventable and my last newsletter to all the employees…I talked a little bit about this…one of the cancers that we’re targeting is colorectal cancer and we want to call attention to that and the importance of people going through screenings because all of us need to know and I am from a family that’s dealt with colorectal cancer that if you go through a regular screening every five years you’ll never die of colorectal cancer and we need to bring much awareness to that and it’s the same thing with other cancers like breast cancer…most of us probably have these issues in our family…my mother lost both of her breasts (mastectomies) to breast cancer…my sister Shirley’s a breast cancer survivor…there are breast cancer survivors with our employees and we’ve dealt a lot with that. The other cancer that we’re trying to draw awareness to is prostate cancer because if people do regular screenings and get their PSA checked chances are that you’re going to get ahead of the game in terms of fighting these insidious diseases. So, there is going to be a lot said over the next few months as we partner with The American Society to launch the Mayor’s crusade against cancer and we want to start by issuing this Proclamation and I’d like Fred Rusczek our Health Officer to come up receive the Proclamation and talk a little bit about cancer prevention.

**PROCLAMATION**

**WHEREAS,** March is National Colorectal Cancer Awareness Month; and

**WHEREAS,** this year it is estimated that about 150,000 new cases of colorectal cancer will be diagnosed this year in the united States, and more than 56,000 people may die from the disease, making it a leading cause of death in our Nation; and

**WHEREAS,** like many cancers, the development of colorectal cancer can take many years and screening is an important tool to help detect colorectal cancer early, when treatment is more likely to be successful; and

**WHEREAS,** more than 90 percent of people who are diagnosed with colorectal cancer are over the age of 50, yet recent data indicates that less than 40 percent of adults age 50 or older have had one of the available colorectal cancer screening tests within recommended intervals; and

**WHEREAS,** researchers estimate that if everyone age 50 or older received regular colorectal cancer screenings, at least one-third of the deaths would be prevented,

**NOW, THEREFORE, I, Robert A. Baines,** by virtue of the authority vested in me as the **Mayor of Manchester in the State of New Hampshire,** do hereby proclaim the month of March 2005 as

**NATIONAL COLORECTAL CANCER AWARENESS MONTH**

in the City of Manchester.

In witness whereof, I have hereunto set my hand and caused the Seal of the City to be affixed this 15<sup>th</sup> day of March 2005.

Robert A. Baines  
Mayor

Mayor Baines stated I would like to ask our Health Officer to talk a little bit about this and what we can do as a community to gather the necessary information to make people make wise decisions about screening.

Mr. Fred Rusczek, Health Officer, stated thank you, Mayor, and I certainly can't say it any better than you in your Proclamation. Colorectal cancer is one of the causes of death and disability that we can do something about and as you heard the importance of getting screenings is essential. Active in this push community-wide will be the Health Department's Medical Director Dr. Sandy Buseman who works with The American Cancer Society. Dr. Buseman's background is in chronic disease prevention and she will be doing a lot to promote cancer screenings and a chronic disease prevention plan. This is one of the first steps working with the community health care providers, The American Cancer Society, the Mayor's Office and others in the community to begin to get the awareness out about the importance of colorectal cancer screenings and the importance of access to health care to get the link for those meetings. So, thank you Mayor for calling attention to this and we urge all to get the screenings if they're at the right age group. Thank you.

Mayor Baines stated I would also like to announce that on March 24, 2005 from 10AM to 2PM in City Hall Annex representatives from The American Cancer Society and the Manchester Health Department will be available to meet with employees and anyone in the

community to bring more awareness about this most very important issue in our community.  
Thank you for your attention.

### **CONSENT AGENDA**

Mayor Baines advises if you desire to remove any of the following items from the Consent Agenda, please so indicate. If none of the items are to be removed, one motion only will be taken at the conclusion of the presentation.

### **Ratify and Confirm Poll Conducted**

- A.** Approving a public hearing to be held on Wednesday, March 30, 2005 at 6:00 PM relative to the Assessor's petition for the amendment of Pole License Agreements.  
*(Aldermen Roy, Gatsas, Sysyn, Osborne, Porter, Lopez, Shea, Garrity, Smith and Forest voted yea. Aldermen Guinta, O'Neil and DeVries voted nay. Aldermen Thibault unavailable.)*

### **Accept Minutes**

- B.** Minutes of meetings of the Board of Mayor and Aldermen held December 21, 2004 (two meetings); January 4, 2005 (two meetings); January 25, 2005 (two meetings); February 1, 2005 (two meetings); and February 15, 2005 (two meetings).

### **Pole Petitions – Approve under the direct supervision of the Department of Highways**

- C.** Verizon Pole Petition #9AATC5 (3 poles) located on So. Commercial Street;  
Verizon Pole Petition #9AAUGE (4 poles) located on Riverfront Drive; and  
Verizon Pole Petition #6AABTU (4 poles) located on Bryant Road and Apple Brook Way.

### **Informational – to be Received and Filed**

- E.** Minutes of the Mayor's Utility Coordinating Committee meeting held on February 16, 2005.
- F.** Minutes of the MTA Commission meeting held on February 1, 2005 and the Financial and Ridership Reports for the month of January 2005.
- G.** Communication from Lloyd Basinow requesting an investigation, public hearing and cease and desist order relative to violation of State statutes and Constitutional rights pertaining to fluoridation of Manchester's water system.

## **REFERRALS TO COMMITTEES**

### **COMMITTEE ON FINANCE**

**I.** Resolution:

“Authorizing the Finance Officer to effect a transfer of Eighteen Thousand Dollars (\$18,000.00) from Contingency to Parks and Recreation Equipment – Gill Stadium.”

## **REPORTS COMMITTEES**

### **COMMITTEE ON ACCOUNTS, ENROLLMENT AND REVENUE ADMINISTRATION**

**K.** Recommending that the contract with McGladrey & Pullen be extended for an additional year.

**L.** Advising that it has accepted the City’s Monthly Financial Statements for the seven months ended January 31, 2005 submitted by the Finance Department, and is forwarding same to the Board for informational purposes.

**M.** Advising that it has accepted the following Finance Department reports:

- a) department legend;
- b) open invoice report over 90 days by fund;
- c) open invoice report all invoices for interdepartmental billings only;
- d) open invoice report all invoices due from the School Dept. only;
- e) listing of invoices submitted by City Solicitor for legal determination; and
- f) accounts receivable summary

and is forwarding same to the Board for informational purposes.

**HAVING READ THE CONSENT AGENDA, ON MOTION OF ALDERMAN O’NEIL, DULY SECONDED BY ALDERMAN SMITH, IT WAS VOTED THAT THE CONSENT AGENDA BE APPROVED.**

**D.** Communication from Ron Ludwig, Director of Parks, Recreation and Cemetery Department, providing a CIP project update.

Alderman DeVries stated just bringing to everybody’s attention this is a very nice outline of the Parks and Recreation projects that are existing within their CIP project update and I just wanted everybody to notice within the CIP project update there is a void and the void is something we’ve all recognized for many years and that is we have not attended to a family-oriented park in the southend of Manchester. We heard last night when we were at the CIP meeting and I think it’s been a misunderstanding for many of us, myself included that the

Master Plan that is forthcoming would somehow help us decide how best to use the existing park grounds at Crystal Lake. We did hear last night that the Master Plan for the City would in no way help us know how we might utilize the existing lands at Crystal Lake and maybe implement a playground at that facility, but what I'd like to ask the CIP Committee to do is to work with the Parks and Recreation Director over the next month to come up with a cost for designing a site plan for the Crystal Lake Park just to have that costed out to see if there is any way to work that with the existing Master Plan project that is going forward and at this time if everybody understands what I'm asking for, I'm not asking for the funding of the project...I'm asking that Parks and Recreation outline for the CIP Committee the actual cost to have the site plan, the design for a playground so that we have the document to work with to know if we can afford to fund that and to accomplish that in the near future while the Master Plan work is being done by the consultant and I'll make that in the form of a motion.

Mayor Baines asked do we need a motion or is that just something we can ask Ron to do. Ron, is that something you could do and get that information to...

Alderman DeVries interjected I think a motion would have greater weight.

Alderman Porter duly seconded the motion.

Alderman O'Neil stated I guess if it didn't get passed onto Alderman DeVries that Crystal Lake will be one of the many...of every park in the City is going to get looked at as part of the Master Plan update. It's my understanding that the Director is shaking his head yes, so it's not going to take it where there is going to be any formal design...they're conceptually put down in every park if necessary. We have a softball field that may no longer be needed, they may recommend making a rectangular field for soccer or lacrosse, but my understanding is that Crystal Lake is part of the Master Plan and they will look at it.

Alderman DeVries stated follow-up if I might. Thank you, your Honor. Actually, maybe I'll ask the Parks and Recreation Director to step forward to clarify because we did have discussion last night at CIP on this matter. The point has been in the past...we had discussion about trying to have some planning done at Crystal Lake so that we knew where on the grounds would be best suited to place a playground facility as well as to look at some of the other sites specific components of the Crystal Lake public park area. When we requested this last year through CIP the CIP Committee at that time thought they were going forward with what they called a Master Plan for the parks of the City of which Crystal Lake is one. Last night at CIP I asked for clarification from our Parks and Recreation Director Ron Ludwig...the Master Plan look at Crystal Lake will not give us any site specific information to help us place a playground there. So, it's still difficult for me to go forward with requests for funding because we have not nailed down a dollar other than the work I've done with Ron Johnson when he was in place we did pursue some grants. So, could you maybe briefly comment on the difference between the Master Plan that is going to be done,

that we have a consultant in place for and a site specific plan that I have requested for Crystal Lake.

Mr. Ron Ludwig, Director of Parks, Recreation and Cemetery Department stated I think that the department is...I'm not sure if we're quite capable...it sounds like to me that you would like to take a look at Crystal Lake as a more site specific area. We don't really have mapping at this point or the proper site specific material in our hands. We can certainly put together a plan that would identify the cost of a playground and other amenities that you or maybe the Crystal Lake Association would like to see but in terms of site specific plans that would address the whole park...where should the playground go, where should additional parking go, maybe drop offs should be changed in the area and those kinds of items...I think those are something that probably are a little bit outside of what we can do internally as a staff but certainly for some small dollars we could identify through a consultant how Crystal Lake would look in the future and would layout a plan. But, Alderman O'Neil was correct also that our plan will look holistically at the City.

Alderman DeVries stated so for clarification if I might, your Honor, thank you...what I am asking is for the next CIP Committee meeting that the Parks and Recreation Director prepare what he believes a cost might be so that we can maybe include with the work that the consultant is already going to do something a little bit more site specific for Crystal Lake Park. It's probably outside the range of what's already been proposed on that project and that we look at it at the next CIP Committee meeting.

Mr. Ludwig stated we can put together some estimates based on other projects that we've done but in terms of where things should go at Crystal Lake you're really looking at doing some engineering out there so that you can plan, just like we did at Livingston. It was a four or five-year plan that looked at the whole park and said no the track really shouldn't go in front of the pond, it should go to the north of the existing facility and I think that's what you want for Crystal Lake.

Alderman O'Neil stated a couple of things. Number one, we're in a two-year CIP so there's really no money available unless we find some balances. Secondly, I think one of the intents and why we worked...the entire Board and your office, your Honor, with Parks and Recreation to move forward on this Master Plan was so that we were prioritizing parks that needed improvements, making sure we're addressing the needs of today and I think the intent is for the Director to deliver that to us in the fall in preparation for the following year's CIP and start moving forward. We voted on approving this two-year CIP budget I think if we start breaking it up we're going to cause chaos in the City.

Alderman Guinta stated Alderman O'Neil mentioned that there isn't any funding available I assume in this year's...earlier this month the City has requested LCHIP funds for the upcoming fiscal year so if we look for projects that are already earmarked with City funds

and maybe we could get a copy of that list so that then there is some money that's freed up it could go to the project. Were there projects that we had requested LCHIP monies for?

Mr. Ludwig replied I'm not aware of any at this time.

Mr. MacKenzie stated I don't believe the City has requested any LCHIP funds. There have been some, as I understand it, private requests for LCHIP funds within the City. I remember when Alderman Wihby was here he specifically...this specific issue of Manchester not receiving it's fair share of LCHIP funds specifically because there were not the requests put in by the City was to be addressed and I thought at least the City was going to look through its projects and see what, if anything, would be appropriate for that kind of funding. As a matter of fact we further talked about ways to enhance Manchester's ability to receive funds if that LCHIP was funded at the State level.

Mr. MacKenzie stated the City has regularly applied for LCHIP funds, we've had several projects probably totaling \$1 million in the City...I'm just not aware of any in this particular grant round.

Alderman Guinta asked why wouldn't we apply for anything in this particular grant round? Did nothing qualify or did we not look into it?

Mr. Ludwig replied I can tell you that we've been working at a bit of a deficit since October 29<sup>th</sup> in terms of our staff, so if something got by us I would suspect that it did but since October 29<sup>th</sup> I've been pretty much a one-man operation trying to run a 60-person department. I know we have a grant writer who typically tries to make us aware when there are things that come across his screen for applications but there hasn't been any application made this winter by us, Alderman Guinta.

Alderman Guinta stated Ron I appreciate that and I agree with you that you're juggling a lot. The City does employ a grant writer so I know that the deadline...I believe passed in early March, I don't know if we can get any kind of extension but at the very least I think as a community we should be looking at that fund particularly with what Concord is looking to do in increased funding, we need to take advantage of that if there are projects that fall within the requirements.

Mayor Baines asked would you follow-up with the grant writer this week, Ron.

Alderman Lopez stated I know that for a number of weeks, a couple of months the CIP Committee has been trying to find money and finally we found money to complete the Master Plan for the entire City. We went through this process in 1991 and from that we were able to identify all of the areas in the City and probably have completed about 90% since 1991. I think we're going to find throughout the Master Plan that the southend of

Manchester does need something. As to what that something is I'm not too sure but I think the process is there, I think that we go and get the Master Plan and then from that if that's the top priority that we've asked Mr. MacKenzie on a number of occasions...and what are the top priorities in the City and I think that's what's important...if the southend becomes a top priority which I'm sure it will be, it was top priority when I was a commissioner and it's going to bear out. I think what the issue is is whether (a) there's enough staff at Parks to do it, (b) if the engineer...how much money are you going to need...\$12,000, \$15,000...I think we ought to wait until the Master Plan comes in we've come plenty of time since the CIP budget.

Mayor Baines stated one more question as there is still more agenda here.

Alderman DeVries stated thank you, your Honor, for indulging me. I just wanted to be sure that the rest of the Committee understood. I'm not asking you to fund this project in the two-year CIP. What I am asking is that you help me with the engineering phase of this because as a matter of fact it is a perfect potential for this to be an LCHIP project. We have a historical bathhouse on the lands there, there are some other sources of funding that we wish to pursue...there's been prior grants. We are stymied because we don't have the engineer's plans; we've been hung up because there's confusion between a Master Plan and a Site Specific Plan. If there's an opportunity for us to expedite finding funding for next year's budget be it \$12,000, \$25,000...whatever the amount is and that's what I'm looking to find out from Parks and Recreation what that dollar amount is...I'm looking to see it expedited in next year's budget if possible so that we can get caught up and maybe not lose another calendar year as we did last year. That's all I'm asking...the motion's on the table I think Paul Porter seconded that as he realizes we're right on the border of Ward 6 and it's mostly his homes that benefit.

Mayor Baines asked could you read the motion?

Deputy City Clerk Johnson stated it is my understanding that she was requesting referral to CIP and to ask that the Parks Department bring a request for the Crystal Lake Park to the Committee at its next meeting.

Mayor Baines called for a vote on the motion. The motion carried with Alderman Gatsas duly recorded in opposition.

Mayor Baines stated I would like to introduce an intern who is working in our office through St. Anselm College. We've been working with the college to allow some of their student's exposure to government...that's happening here tonight...her name is Elizabeth Raineri from St. Anselm College and we'd like to welcome you.



**H. Bond Resolution:**

“Authorizing Bonds or Notes in the amount of Twenty Million Dollars (\$20,000,000) in continuance of the Manchester Airport Capital Improvement Program.”

Alderman DeVries stated I'll ask Kevin Dillon the Airport Director to step forward. This is bonding of some very significant projects for the southend of Manchester that we haven't heard enough about. One of them is going to be what I call a Collection System, which I know many of the homes located around the airport will be applauding at home when they heard that we are on the way to taking care of some stench.

Mayor Baines stated, Mr. Dillon, please address this.

Mr. Kevin Dillon, Airport Director, stated we're seeking authorization to bond \$20 million. Inclusive in that is the issuance costs and about \$17.9 million worth of capital work at the airport. Principally, the work is divided up among four (4) separate programs: our Property Acquisition Program looking to make the second payment for the Summit Packaging property that we recently purchased and also to purchase the Aerohex Condominium Association property which is on the Londonderry side of the airport that we want to land bank for future cargo development at the airport. We also have some extensive work in the Runway Apron Improvement Project about \$9.2 million for the work is located in that project that involves the reconstruction of Runway 6, we'll be reconstructing the length of the runway from the intersection to the south to the Runway 6 end and we're also going to reconstruct Taxiway Echo the oldest piece of pavement that we have at the Airport and will be overlayed at this point. We're going to be constructing a new stub taxiway lima to serve the Aerohex Condominium Association that will be relocated to the northeast corner of the airport as a result of purchasing their property on the Londonderry side. We're going to also extend the Runway 24 safety area so it includes about \$4.4 million of our matching share. We got a \$15 million grant from the FAA for that project for a total project cost of about \$20 million but we need to borrow our matching share which is roughly 25% of that project. We need to do that work to extend the safety overrun and that's a Federal Aviation requirement that every runway needs...a thousand feet at the end of the runway for safety overrun in the case of an aborted takeoff, for example, or a short landing. We're also going to be moving forward with a Glycol Collection Systems. Glycol is the deicing fluid that we use at the airport. As the Alderman said there have been issues with the local community particularly involving the odor that Glycol emits when it breaks down, so this is a system we're estimating about \$2 million to collect all of the runoff on the deicing areas that would be over the Glycol as well as the rainwater that will be held in a detention system, it's a closed system so we'll take care of the odor problem and then we'll only release the Glycol once we get it to an acceptable concentration and we're working on that number with the DES. In certain cases we may not be able to get it to an acceptable concentration and we want to

work with the Wastewater Treatment Plant if we could divert it to that location as well. So, that's a major benefit to the community. We're also looking to expend about \$3.7 million on parking lot improvements as a result of purchasing the Summit Packaging property and getting the Meggitt property coming back to the airport through lease term. We want to extend parking lot C...we need the additional parking at the airport and we also have about \$900,000 for our matching share on Sound Insulation. We were fortunate enough to get some extra grants at the airport and we'd like to get the matching share that will do the sounding.

Alderman DeVries stated the runway improvements that you are proposing...you're still operating under the '95 Master Plan, is that not correct?

Mr. Dillon replied the '97 update.

Alderman DeVries stated the '97 update excuse me...so, you're not expanding anything new above and beyond what has already been approved and was approved back in '97.

Mr. Dillon stated that's a good point...the safety overrun...even though we'll be extending the surface of the runway right now the plan calls for us to go out across Willow Street and put Willow Street in an underpass underneath the runway. It will not be usable runway but simply to meet a safety criteria by FAA.

Alderman Gatsas stated none of these bonds or notes are going to be derivatives, are they?

Mr. Dillon replied we're still working through the financing structure right now...we haven't made a full determination as to what that structure will look like. It may also be combined with a refunding.

Alderman Gatsas asked have the contours changed because you said you've got \$900,000 in additional funding...have those contours stretched to Ward 2 yet?

Mr. Dillon replied no not at this point, Alderman.

Alderman Garrity moved that the Bond Resolution be referred to the Committee on Finance. Alderman Roy duly seconded the motion.

Alderman DeVries stated the additional \$6 million in Soundproofing monies...do you have an idea of how many homes that enables you to do ahead of schedule or in addition to?

Mr. Dillon replied for every \$2 million we can roughly do another 80 units.

Alderman Shea stated there's a lot of planes going over Ward 7 now and so before we go too far away from the airport I think it's incumbent that we look upon the constituents of Ward 7 as well as other contours that might be existing in another area of the City. Are you going that way as well?

Mr. Dillon replied we're trying to go everywhere, Alderman.

Mayor Baines called for a vote on the motion. There being none opposed, the motion carried.

- J.** Communication from Attorney Karen McGinley seeking approval of an Air Rights Lease from the City of Manchester to Catholic Medical Center granting the right to cross McGregor Street.

Alderman Forest stated it's a communication from Attorney McGinley on behalf of CMC requesting air rights over McGregor Street and moved that it be referred to the Committee on Lands and Buildings. Alderman Porter duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines stated I have several nominations this evening and I'd like to remind the Aldermen that if they have people that are interested in serving on boards and commissions I would welcome input, I know a number of you do advise me occasionally and also members of the community if you could check out the website to see availability of boards and commissions we're always seeking qualified people who are interested in serving our community in a volunteer capacity.

- 5.** Mayor Baines presented the following nominations:

**Personnel Appeals Board:**

Kevin J. Demers to fill the unexpired term of Robert Boisvert, term to expire March 2007.

Linda Capuchino to fill the unexpired term of Ann McArdle, term to expire March 2007.

**Airport Authority:**

Albertine Morrisette to succeed herself, term to expire March 1, 2008.

**Manchester Development Corporation:**

Kathleen N. Sullivan to succeed Elias (Skip) Ashooh, term to expire March 1, 2008.

**Highway Commission:**

Joan Flurey to succeed Henry F. Bourgeois, term to expire January 15, 2008.

**Board of Adjustment:**

Daniel Goonan to succeed Robert Bennett, term to expire March 1, 2008.

Raymond Clement to succeed himself, term to expire March 1, 2008.

John Jackman to succeed Daniel Goonan as an alternate, term to expire March 1, 2008.

**Heritage Commission:**

Andrew Tundel to fill a vacant alternate position, term to expire January 2008.

Alderman O'Neil moved to suspend the rules and confirm the nominations as presented.

Alderman Porter duly seconded the motion. There being none opposed, the motion carried.

**Manchester Refugee Advisory Committee**

Mayor Baines stated you may have read recently that I have decided to appoint the Manchester Refugee Advisory Committee to help us coordinate activities between the state and federal government and also to report to the Mayor and the Board of Mayor and Aldermen periodically about refugee issues...this is a City committee, we may be branching out and informing other subgroups within the community representing the refugee resettlement community. Members of the Committee will include Chairman Fred Rusczek the Public Health Director, Mike Colby from the Mayor's Office who's been coordinating a lot of efforts through our office, John Jaskolka the Police Chief, Mike Ludwell the Superintendent of Schools, Paul Martineau the Welfare Commissioner and Robert MacKenzie the Planning Director.

Mayor Baines continued outlining that the Committee will:

- examine the current status of refugees in Manchester, and the national system of refugee placement;
- request a presentation from the NH Office of Energy and Planning on the State Refugee Resettlement Plan;
- request presentation from the resettlement agencies on their resettlement projections and service plans for the year ahead;
- seek feedback from community agencies on services provided;
- seek input from resettled refugees on challenges and problems;
- research and promote the best practices for refugee and immigrant services to ensure an appropriate assimilation into the Manchester community;
- identify service and resources needs for the City; and
- encourage the creation of community events that highlight diversity of ethnicity and culture.

Alderman Gatsas stated I think it's a great selection of members on that committee and maybe it was an oversight but I would think you might appoint a Board member to sit there with them and I certainly don't have a problem recommending the Chairman of the Board participating in it.

Mayor Baines asked would you be interested in that, Alderman Shea?

Alderman Shea replied I certainly would represent the Board.

Mayor Baines stated excellent so I'll appoint Alderman Shea also to the committee, I think that's a great suggestion.

Alderman Guinta stated I remember that about a month ago the School Board was talking about the impact that this is having on our educational institutions in the City. Wouldn't it be appropriate if you are going to do this have someone from ESL.

Mayor Baines stated Dr. Ludwell is going to represent the School District. We're putting heads of the different agencies on this committee. We are going to have some subgroups...the EEL Coordinator for the Manchester School District on these issues.

Alderman Guinta asked is Mike on the State Advisory Council?

Mayor Baines replied I don't believe so.

Mr. Mike Colby, Assistant to the Mayor, replied there are a couple of people from the School District who do come. There is a Service Provider Advisory group that meets all over the State usually between Concord and Manchester. I know that there is at least two people from the School District who represent the City on that committee as well as I believe two people from the Health Department as well.

Mayor Baines stated we have a very good dialogue going on with all the agencies, the International Institute has been doing yeoman's work in this community as you know for many, many years in this arena. So, we have a very active dialogue going on and also with the Governor's Office on all of these issues right now and the previous Governor was very actively involved with us on this issue as well.

A report of the Committee on Community Improvement was presented recommending that the Board authorize acceptance and expenditure of funds in the amount of Forty Three Million Six Hundred Six Thousand Three Hundred Thirty Three Dollars (\$43,606,333.00) of the Manchester Airport Capital Improvement Program, and for such purpose resolutions and a budget authorization has been submitted.

Alderman Roy moved to accept, receive and adopt a report of the Committee on CIP and refer to the Committee on Finance. Alderman Garrity duly seconded the motion. There being none opposed, the motion carried.

On motion of Alderman Smith, duly seconded by Alderman Roy, it was voted to recess the regular meeting to allow the Committee on Finance to meet.

Mayor Baines called the meeting back to order.

## **OTHER BUSINESS**

8. A report of the Committee on Finance was presented recommending that Bond Resolution:

“Authorizing Bonds or Notes in the amount of Twenty Million Dollars (\$20,000,000) in continuance of the Manchester Airport Capital Improvement Program.”

ought to pass and layover, and further that Resolutions:

“Authorizing the Finance Officer to effect a transfer of Eighteen Thousand Dollars (\$18,000.00) from Contingency to Parks and Recreation Equipment – Gill Stadium.”

“Amending the FY2001 & FY2002 Community Improvement Program, authorizing and appropriating funds in the amount of Forty Three Million Six Hundred Six Thousand Three Hundred Thirty Three Dollars (\$43,606,333.00) for the Manchester Airport Capital Improvement Program.”

ought to pass and be enrolled.

Alderman Osborne moved to accept, receive and adopt the report of the Committee on Finance. Alderman Shea duly seconded the motion. There being none opposed, the motion carried.

9. Communication from Milton and Sally Argeriou requesting the Board accept a Confirmatory Deed to the City regarding property shown as Lindstrom Lane on Plan Number 33712 recorded January 28, 2005 in the Hillsborough County Registry of Deeds.

Mayor Baines asked is there a staff recommendation on this item?

City Solicitor Clark replied it's appropriate, your Honor.

Alderman Porter moved to accept a Confirmatory Deed to the City as presented. Alderman O'Neil duly seconded the motion. There being none opposed, the motion carried.

10. Communication from Portsmouth Mayor Evelyn Sirrell urging the Board support a bill to appropriate \$100,000 to the Seacoast Shipyard Association in their quest to assure the Portsmouth Naval Shipyard remain open and requesting a letter be sent to the City's State Representatives and Senators.

Mayor Baines asked can somebody give some background on this.

Mayor Baines asked is there a bill in the State Legislature. My understanding is that we'd be supporting a bill in the State Legislature to appropriate \$100,000 to the Seacoast Shipyard

Association and we would agree to send a letter to the City's State Representatives and Senators in support of that bill.

Alderman O'Neil moved to support the request of Mayor Sirrell. Alderman Porter duly seconded the motion.

Alderman Guinta stated I believe this same request came up last year in the amount of twenty-five or fifty thousand from the Portsmouth Mayor and at the time we said and I think it remains the same today that we support retaining the shipyard, I believe the recommendation will be made in May, so I don't even know if the funding that she's asking for be passed and utilized before the decision is made.

Mayor Baines asked is there anyone in the legislature who could give us some insights into this thing?

Alderman Gatsas replied I'll abstain.

Alderman Guinta asked do we know if it's in the House or the Senate right now?

Mayor Baines stated we could table this until the next meeting and get more information, do you want to do that.

Alderman Shea moved to table.

Mayor Baines stated before we do that I'll call upon Alderman O'Neil.

Alderman O'Neil stated I don't know if we'd ever get an exact number...there's an awful lot of Manchester residents that work at the shipyard either directly for the Navy or for subcontractors that work there. I think we need to do everything we can to show support...not putting Manchester on the spot here and I think waiting could jeopardize what's going on, so I think we should vote on it.

Alderman Roy stated the legislation that's out there is HB401 which is for the State to spend the \$100,000, so there is no cost for the taxpayers, it would be basically the time in either the Mayor's office or the appropriate department within City government to urge our representatives to go ahead and support this and I agree with Alderman O'Neil. We do have a number of employees in the City that work at the shipyard and it is an asset to not only Manchester but the State and the State of Maine. So, with no financial commitment on our part like the last request I think we should put our best foot forward and ask the Mayor's office to comply with contacting our State Representatives.

Alderman Shea stated I saw a news release yesterday and there was a man by the name of Cheney, I believe, that came up from Washington and spoke...

Mayor Baines interjected it was the Deputy Homeland Security Secretary was up inspecting Homeland Security issues.

Alderman Shea stated the governors from both Maine and New Hampshire made a presentation...we could look good up in Concord by asking them to give \$100,000 but I'm not quite sure if it's going to be after the fact because I think they said they're going to submit a report to the members of the committee that discuss these issues and we all know that it comes down to how much clout we have from our Congressional leaders in Washington and how well these people assess and evaluate the work that's being done at the shipyard. We could look good and say we'll raise \$100,000 but they may decide at the Legislature that it's not really necessary, I don't know.

Alderman Smith stated we're suppose to have a couple of members of State government here...no one knows where this HB401 is, anybody know where it is?

Alderman Gatsas replied it's in committee.

Alderman Smith asked what committee?

Alderman Gatsas replied I would assume it's probably in Veteran's Affairs, maybe.

Alderman Smith stated I think personally if the State of New Hampshire is going to lose 4,500 jobs and probably \$350 million if the Portsmouth Navy Shipyard is gone we should send a letter of support.

Mayor Baines called for a vote on the motion. The motion carried with Aldermen Gatsas and DeVries duly recorded as abstaining.

#### **11. Resolutions:**

“Authorizing the Finance Officer to effect a transfer of Eighteen Thousand Dollars (\$18,000.00) from Contingency to Parks and Recreation Equipment – Gill Stadium.”

“Amending the FY2001 & FY2002 Community Improvement Program, authorizing and appropriating funds in the amount of Forty Three Million Six Hundred Six Thousand Three Hundred Thirty Three Dollars (\$43,606,333.00) for the Manchester Airport Capital Improvement Program.”

On motion of Alderman O'Neil, duly seconded by Alderman DeVries, it was voted that the Resolutions be read by titles only, and it was so done.



Alderman Forest moved that the Resolutions pass and be enrolled. Alderman Osborne duly seconded the motion. There being none opposed, the motion carried.

**TABLED ITEM**

12. Communication from the Executive Director of the Manchester Employee's Contributory Retirement System updating the Board on the status of bills pending before the State Legislature.

On motion of Alderman Roy, duly seconded by Alderman O'Neil, it was voted to remove item 12 from the table for discussion.

Mayor Baines stated why don't we do Randy's presentation and Mr. Clougherty is here as well.

Mr. Randy Sherman, Deputy Finance Officer, stated the first thing I want to say out of the shoot is I am not a qualified federal tax expert to health benefit expert. So, I truly expect to leave here tonight with more questions to go and research and I'll probably have the answers for you but I did want to lay that out front. Again, I did not talk to anybody, no tax specialists or no health benefit people I didn't feel that we didn't want to spend any money at this point to get necessarily all of the information so this is just general research that I've done and I do want to disclose that I am a member of the Retirement System. I am going to try to walk the thin line and give you just the facts and not take a position. If anybody feels I'm leaning one way or the other please let me know and I'll try to pull myself back in to the center here. Just to give you a little bit of background...GFOA which is the Government Finance Officers Association reports that three quarter of state governmental employees and nearly 60% of local governmental employers do provide some form of health care benefits to their retirees...just so you don't think that it is that out-of-line. HB521...in essence what it does and I'm sure you've all read the background and some of this is more for the folks watching at home, but HB521 establishes a separate account within the Contributory Retirement System that would be used exclusively to fund a health benefit for retirees. So, it would stay within our current Contributory Retirement System but it would be just for health benefits and it's actually allowed under Internal Revenue Source Code Section 401 (h). Pretty much what it does is if you have 20 years of service it starts out with a \$200 a month subsidy, 15 to 20 years it's \$150 a month, drops to \$100 for 10 to 15 years and anyone at 5 to 10 years is \$50 a month. That is if you retire after HB521 kicks in. The legislation does provide for a 4% escalator for each beginning on January 1, 2007 and all of these numbers get adjusted if you retire before this starting at the \$100. HB521 is enabling legislation, it is subject to a local referendum. So, even if HB521 passes it still has to come back and be put on a ballot here in Manchester and be voted on. If the referendum then passes the way HB521 currently reads is that it would take effect 90 days after the date of the election and

I'll get back to that a little bit later. Now, just so you know City retirees...there are some current employee groups that do receive a health care subsidy, it's our firefighters, our police officers and our teachers who have retired prior to June 30, 2008. Those that do not get a health care subsidy are members of the Contributory Retirement System which this bill obviously would address...members of the old system, so retirees that retired under the old pension system which is roughly about 225-230 employees at this point and about 20 of those are still active employees and then the teachers who retire after June 30, 2008 will not get a health care subsidy. Just to give you a little comparison between what HB521 provides and what the State is currently providing...keep in mind that it is the State that provides the subsidy to the police officers and the firefighters and again the teachers for another three years...HB521 allows for one person subsidy, it does not allow for two but obviously if you're carrying two you're going to get the same subsidy but there is no increase. The State does provide for both...the benefits again as we mentioned earlier range from \$50 to \$200 for those that retire after the enactment of this legislation. Under the State they're actually paying the premium so as you see there is a difference between a one and two-person subsidy. Minimum age under 521 is 55, under the State it's 60...years of service...again, I mentioned that you can go all the way down to five years of service under what is being proposed...the State if you're police or fire you can get it at 10 years...if you're a teacher it's at 20 and both have a Medicare supplement. At the last meeting, you were provided with an actuarial calculation or at least an estimate of what the cost would be. Right out of the shoot they have estimated that if every employee that's eligible for this signs up for it you'd have a \$17 million unfunded actuarial liability and the first year's contribution would be approximately \$1.2 million. That \$1.2 million is only the employer share it does not count the employee's share and if you recall the last time we were trying to do some quick calculations on the tax impact of that. We did not adjust for the enterprise funds, so just to keep in mind that roughly 24% of the employees that are in the Retirement System are enterprise. The way that HB521 provides for funding...the employees would kick in 1.25% of their pay and the City would contribute and this is based again on that first-year estimate 2.76% of the payroll. Now, this would be over and above what the employee currently pays of 3.75% and what the City will be paying for fiscal '06 which is the 8.72%. To point out that the 1.25% and the \$3.75 would not be changing, the 2.76% and the 8.72% I would expect change annually and just to give you a comparison of what's being proposed in 521 again is the 2.76% which is the employer share...currently for the teachers, police officers and firefighters there is a percentage that is contributed as part of what you pay into the Retirement System. As you can see the teachers are lower, the police officers this year are just about the same and firefighters are at the full 448. I will let you know that in doing this I did come across that there truly are three different methods of funding a health benefit for retirees. Obviously, the first one is the 401(H) accounts which is what HB521 is proposing, there are employer held asset accounts and there are Voluntary Employees Beneficiaries Association (VEBA) which is a mouthful that I will go through each one of these for you real quick, so you can see what the difference is. What you can do under a 401(H)...the benefits are there for retired employees, spouses and dependents and again this plan is really

only for the employees and does not include spouses and dependents but under a true 401(H) it would be allowed if you so choose to do that. The funds to provide these benefits are actually held and managed by the Retirement Board, so we would actually send two (2) checks over to the Retirement Board. One would be for the retirement and the other one would be for the health care benefit and they would have to manage those funds. Now, the third bullet up there...the funds must be maintained separately, they have to be accounted for separately but as you see in the fourth bullet...no, actually that's on another screen, I jumped ahead...the fourth bullet up there is when you are making these payments to the Retirement Board the payments for the medical subsidy or the health benefit subsidy is subordinate to the pension benefits. So, if there is a shortage of funding the pension benefits come first, the health subsidy comes second. Payments must be reasonable and ascertainable which I think we clearly meet in this case but I guess that's on all on where you sit but clearly we know what the number is and it certainly is a number that I think, again, maybe I'm crossing the line, let me step away from that...the plan can be funded with excess funds that the Retirement System has. So, again, the Retirement System is going to keep two separate ledgers. If there are excess funds on the retirement side they can be used to fund the medical or health benefit subsidy on the other side. Right now, as of December 31 I think the plan is only 82% funded so clearly there aren't any excess funds there right now and this is one of the kickers...the funds that are put into the medical or the health benefit subsidy account stay in the account, they are not returned to the employees if they should break from City service...those funds stay in there and if the plan eventually goes away those funds return back to the employer, they still do not go back to the employee. It's really easy to establish I don't think they had New Hampshire in mind when they put that in there but only because we have to go through the legislative process but they really are fairly easy to establish. There should be no additional administrative support required or staff required because there is already staff at the Retirement Board and this is the point I jumped to earlier...the funds, even though they have to be accounted for separately and maintained separately they can be invested along with the investment of the retirement funds which gives them the advantage of being in a larger pool which hopefully would reduce better investment earnings. The disadvantage and the main one at the top is the plan must be funded. If you create this plan you have to fund it, it's very similar to the Retirement System. I know right now it's under funded...that's due mainly to the market swings and that's why you see our retirement rates go up but it must be a funded plan. There are limits on how much you can contribute and again I'll get back to that a little bit later and a few more slides. If you violate those limits, if you have excess funding you could disqualify the Retirement System from being an eligible Retirement System, that is something you have to be extremely cautious about. The second option is an Employer Asset Account...these are the latest key words on this are "Health Reimbursement Accounts" (HRA)...these funds are actually held and managed by the employer. So, these do not go to the trust, they actually stay within the City. HRA's don't have funding requirements it's more a pay-as-you-go type system. So, even though you're providing a benefit and clearly we would suggest at some point that you do get the plan fully funded you'd have much more flexibility in doing that if you're doing it in-house versus the

401(H). Again, benefits can be for current and I emphasize current and retired employees, spouses and dependents and they are usually created in conjunction with high deductible insurance plans. Now, let me explain really what they're talking about here...the concept under the HRA is that...say under the current plan you have a deductible to go to the emergency room, it's \$50 or something like that...and, based on all of the deductibles we have we get a current premium rate that pays for all of those benefits. The way you devise one of these plans is you would actually increase all of the deductibles, so again say we take that deductible to go to the emergency room, we take it up to \$250 if you go to the emergency room...by increasing all of your deductibles your premiums have dropped. The concept under the HRA is you now take the difference in your premiums that you save by having a higher deductible and you set that aside and give those dollars to your employees to do one of two things with them. They can either use their dollars to pay their deductibles if they should need to or they can save those dollars and use them to pay for a health benefit when they retire. So those dollars in essence stay with those employees. The advantage of an HRA, again, the funds are held locally, you don't have the issue to deal with a retirement trust...future funding is flexible, again, there's not a requirement that you fully fund it, it's more of a pay-as-you-go system and whether you've over fund it or under fund it you're not putting your Retirement System in jeopardy and losing your status of the plan. The disadvantages are that these funds are not legally dedicated to the retiree health benefits, they're subject to the general creditors. Now, I'm not sure that's so much of an issue here in Manchester as it might be in like a Bridgeport, Connecticut or something like that but you should be aware of that. The other major disadvantage of this is your permissible investments...what we can invest in here at the local level are not the same type of instruments that you can invest in under the trust. So, your investment earnings in theory would be much less which means your cost over time for the plan would be much higher. Then there are the VEBA accounts...IRS Section 501 (c) (9)...again, the benefits of this are for current and retired employees, spouses and dependents. The funds are held and managed by a separate trust. So, again, these dollars leave the City but they don't go to the Retirement Trust they go to yet a separate trust. The issue with this is the employees have to opt in. So, not every employee would necessary choose whether they wanted to go into one of these VEBA's. The benefit of it to the employee, if they do opt in, is the plan can be designed to be portable. So, if they leave city service the dollars that are in that trust remain their dollars to be used for a health benefit. The advantages...again, because they're out in a separate trust the funds that are in that trust are protected from general creditors, they have broader investment opportunities, they also have broader uses...they can be used not only for medical, they can also be used for death benefits and disability payments. Again, as I mentioned the plan can be portable if it's designed to be that way and it can also be structured that employee's can deposit into this their final benefits which is not allowed under the other two options. The disadvantage is under a VEBA trust you cannot take inflation into consideration. So, they typically end up being under funded and that's where the funding limits come in...that's not as critical for the City because we're tax-exempt and we don't necessarily run into those problems but there are funding limits. You would have

additional administrative costs because you've now set up a whole separate trust and in order to do this you have to go to the IRS and have them review your plan and get a determination letter...where they actually go through, do a pre-audit before it starts and determine whether you've met all of the requirements of a VEBA and as I mentioned it's an opt in but there is no opt out. So, once you're in you can't get out if you're an employee. One of the things that I think should be considered clearly looking at the cost...we've looked at the cost...the actuary has gone out and determined the cost...is what may be the benefit to the City of providing a retirement subsidy. So, I went back and I looked at the general fund employees, I did not look at the enterprise employees...currently there are 85 general fund employees that will be eligible for retirement on July 1, 2005...that's roughly about 12% of your employees on the general fund side not counting police and fire because they're under their own system...I think what we find out is that health care costs which as we all know is very expensive is the number one reason why employees do not retire early and if you don't believe that there's an estimated 400 teachers that are looking to retire by 2008 in the City which is about one-third of their workforce so that they get the benefit of that health care subsidy before it disappears at the State...the health care is a driving force for those retirements. So in looking at the early retirements I was trying to figure out if there was actually a benefit that might somewhat offset the cost of providing the subsidy. So, again, I looked at the 85 positions and I assume that all 85 retirements would take effect on July 1<sup>st</sup>. Now, clearly that wouldn't happen but this is the calculation that I ran through. In looking at these 85 retirements I assume that because now you can control filling of these positions, if you had no new hirings to fill those positions until final benefits had been recouped, so if employee "A" leaves and they take two weeks vacation...you can't fill that position for two weeks. Now, clearly we understand that there are some positions that you'd have to fill but then that would create a vacancy hopefully in another position but that was the assumption that I used. I also used the assumption that when you fill and you bring in a new employee that that person takes the two-person health insurance plan. Again, some will take one-person, some will take family plans...but the assumption was two...I also assumed that there would be no jobs eliminated, I took in no bumping considerations and I did not pick up any savings for the period while we were recouping, in essence, the final benefits. All 85 of those employees leave...in year 1 you save roughly \$932,000...now, that number continues to go down for the years and by the time you get to year 6 it's pretty much gone away but this would be based on an annual savings on those 85 positions. So, there is some benefit that you can clearly see that if you can retire the employees earlier and I don't know if this subsidy is what it takes to do that there is savings by taking out the people that have been here 20 years, 25 years, 30 years and pushing that and bringing in new employees at the bottom. I tried to put some numbers on these other potential savings...I dealt with Harry over at Risk and tried to get some numbers...it's just very difficult to do that and come up with a good number...if you're moving out an aging workforce and you're bringing in a young person I guess there's no guarantee that the young people aren't going to get hurt and you're not going to have the same worker's compensation...we just couldn't make any correlation between...clearly we had the injury reports and we had the age but again it's just

very difficult to say that it's going to be affected if the age of the workforce changes. Again, I couldn't tell...again, if you get rid of an aging workforce does that bring down your health care...well, maybe not if you're bringing families in at the bottom, it's just health and dental...again, it was just very difficult and the same goes for the other three items up there. Clearly, if you're reducing your salaries there may be some benefits we just couldn't put any numbers to it. In looking at HB521 I did have two major concerns that again I think you really need to take into consideration. As I mentioned under 401(H) there is a contribution limit. If you violate that limit you may violate your whole retirement system not only the medical subsidy portion of the retirement system but the retirement portion as well. Pretty much what it allows you to do is the contribution for the retiree medical benefits are limited to 25% of the total contributions. So, it really can't be any more than a 3-to-1 split on what you contribute into the plan. Having the \$1.2 million that has been calculated is real close already for '06 to be at that 25%. And, the reason that the contribution on the retirement is so high is because the funding is down to 82%. If you get that funding back up to where it was a number of years ago which was well over 100% your contributions on the retirement side are going to drop and by funding the medical subsidy you may be violating these 25%. So, that is just something you have to be aware of and again maybe it plays into your consideration on this bill. I would recommend that because of that concern a 401(H) should have to be structured properly, it has to be set up properly, it is not required that you get an IRS letter, it is on a VEBA, it's not required on this one but I would highly recommend that maybe you want to take the time, take the plan as it's drawn up in the legislation and send it for an IRS determination to make sure that you've met all of those. My second concern that I had is the timing. As I mentioned earlier it takes effect or would take effect 90 days after the referendum passed which means effectively it would take effect like on February 6, 2006...clearly, you wouldn't have dollars budgeted to go into the plan, the plan would have zero dollars and be looking to pay benefits as early as I would assume March 1<sup>st</sup> if not February...so, if this plan or this bill goes forward the minimum that I think you need to do is get the effective date changed and again maybe you can get it effect July 1, 2006, so again you have time evaluate and get your actuarials done and fund it in the next budget process. That's what I have. Again, we can take questions up here. I'm not sure I answered any questions that anybody has and I'm sure you can ask away...I'm not sure I have any answers for you but will try and if not we'll get them for you and come back.

Mayor Baines stated first of all I want to thank you for your time and effort that went into making the report, very well done.

Alderman Roy stated, Randy, just for the people at home...you use the phrase "no bumping consideration" could you define "dumping" so that everyone's on the same page.

Mr. Sherman stated my understanding is in some of the union shops the employees have the right to "bump" people out of positions, to take certain positions and move around within the job and I didn't take any of that into consideration or again I didn't look and say that if

employee “A” leaves and “B” fills “A” and “C” fills “B” and all that...I didn’t run it all the way down the list to take that into consideration. I really only looked at the top positions or like the first two positions...I didn’t take it further down the ladder.

Alderman Roy asked, Randy, in your professional opinion what would that taking into consideration do to the cost savings?

Mr. Sherman replied what I found was that any time you filled any of the positions because those 85 positions are up and down the ladder, any time you eliminated the higher and brought in somebody lower there was a savings. So, even though I looked at only maybe the top two by doing the bumping it depends on how much it squeezes that gap between each one. In some cases it could increase the number and other numbers it might actually reduce the number but anytime I saw the jump there was a savings in there.

Alderman Roy stated you mentioned that there were 85 possible retirees for this year, how many did we have last year that would have been eligible if this legislation had been a year earlier?

Mr. Sherman replied I ran these numbers last year too because we were looking at some scenarios...off-hand I can’t...it was around the same, we haven’t had that many retirements in the last year.

Mayor Baines asked would it be beneficial to hear the rest of the presentation and then we could have everybody participate.

Mr. Gerard Fleury, Executive Director of the Manchester Employees’ Contributory Retirement System, stated first of all I would like to thank Randy for having done an excellent recap on HB521 and in the essence of what it would do. I’d like to take an opportunity to address one of his final points and that is that the timing of the bill and its inability to come up with funding before the benefit became payable. I do want to give you a complete report on the status of two bills...remember that we have HB499 which is essentially a housekeeping measure and then 521 which is the focus of presentations so far on health insurance. There was a hearing on both of the bills last Friday at the Executive Departments of Administration at the Legislative Office Building in Concord. I attended in order to provide the legislative committees with some background and to answer any questions on the technicalities of the legislation. Subsequent to that the group that had sponsored this legislation looked at some of those provisions and recognized that there were some concerns with the timing and they have proposed to make an amendment to the bill that would address that. One of the things that they would do is to...as a show of good faith...they would allow the bill to take effect ninety (90) days after election by referendum where the employee’s would begin paying that 1.25% in before the benefit became effect and they would delay the effective date of the eligibility of the benefit and of the City’s

obligation to pay until July 1, 2006. So, if this bill were to make it to referendum, if the voters voted favorably the City would then have knowledge of that well before it constructed its budget in March and would have no obligation to pay on it until July 1 at the start of the fiscal year. In the meantime, employees would begin making contributions, which would create a reserve so that there would be some available to pay those benefits when they became due after July 1. Perhaps to regress a bit and look at both of the pieces of legislation...there was a concern expressed by some of the people on the ED&A Committee specific with the way that the two bills are being handled. HB499 is essentially a housekeeping measure that's designed to do four things. HB499 redefines participants in the City's Retirement System. Over time there has been a certain evolution in the structure of the City since the fund was created in 1974; that caused some legal concern over the definition of participants. Specifically, we have 585 current people who are active in contributing to the fund who are employees of the Manchester School District...they do not neatly fit the definition of a City employee. We also have 40 active people working for the Manchester Library who do not neatly fit the definition of a City employee and finally there's been some concern about participation of Retirement System staff, we have an individual who is vested but is inactive because of previous concerns about eligibility of Retirement employees; that individual is held in limbo. So, those three categories would be clarified so that those individuals for the purposes of Chapter 218 the creation of the Retirement System...those individuals...the 585 for the School District, 40 for the Library and the employees of the Retirement System would be looked upon as employees of the City for the purpose of participating in the fund. The other thing that 499 does is it corrects some statutory conflicts. We have other provisions in law which allow individuals to pay into the fund in order to enhance their benefit, but then we have other provisions which say now if this individual is accidentally disabled and goes out under an accidental disability the statute dictates the method by which their benefit must be calculated and it disallows an enhanced benefit that they've paid for. We found that to be unjust, we wanted to correct for it. There are also some issues that might avoid legal entanglements. There are provisions currently in the statute that require the Board of Trustees to periodically reexamine members who have been deemed to be permanently and totally disabled. To put it bluntly it's bad legislation. It sets up the Trustees of the Retirement System to take individuals who at one point or another have demonstrated their ability to continue doing their job and if by some chance the Trustees were to take on the considerable expense of reexamining these people periodically and finding that one was able to come back to work for the City it would force the City to take the individual back regardless of whether that individual had had licenses or other qualifications that it has since expired regardless of the amount of time that it passed; that would likely cause a legal situation between the City and the Retirement System which is best avoided. The clarification of the language in HB499 helps to avoid that situation and finally it clarifies some intent. There is a provision that was enacted a couple of years ago allowing members to pay additional contributions into their retirement plan and existing provisions allow for cost-of-living on that separate component to be paid automatically. It's paid automatically because the member has funded it out-of-pocket that provision was



funded 100% by the member, paid exclusively by the member for their own benefit and this provision would clarify the intent of that individual being able to receive what they themselves and they alone paid for. So, we looked at HB499 after getting advice from counsel it was believed that on matters such as this and on issues as complex as this that it would be onerous to try to explain it to the voters. Since this bill had negligible fiscal impact counsel advised us that by notifying the Mayor and Aldermen, which I did in writing back in November of our intent to proceed on this without the referendum provision on it that we would try to get this through the Legislature to try to correct these problems that makes HB499 considerably different than 521. Let me conclude on that that the ED&A Committee asked that I relay its concerns to the Mayor and Aldermen and they are looking for some form of sign from this Board that in fact they are comfortable with the concept of 499 as a housekeeping measure not going to referendum. On 521 it's a considerably different situation. Here we are looking at sums of money, we are looking at commitments for the City going forward...I believe that there are some valid concerns that Randy brought up specifically the irony is that because 521 must be subordinate to the main trust...if the Trust Fund did extremely well and we got into year-after-year of double digit returns and the City's expense for the fund fell off we could conceivably have a problem with staying within that 25% limit if in fact everybody who was capable of applying for that subsidy did so. I think want to conclude by and I'll hand the presentation over to Jennie Angell who is a representative with the Advisory Committee to talk about what the bill is worth to employees and who is interested in the bill and who it would benefit and who it wouldn't. I will say that we have some interesting statistics that we picked up that kind of mirror what Randy said. There are figures that were compiled, statistics that were compiled by the AARP and also by the Employee Benefit Research Institute and it looked at individuals who were eligible to retire but had elected to stay in the workforce and clearly 17% of those people who could otherwise retire and have chosen not to choose to do so because they need to have the health insurance benefit and of individuals who go ahead and retire and then say I am going to work after I'm retired...43% of them do so in order to help fund health insurance benefits. So, I think it supports the notion that there are individuals out there that perceive this as a need. Will HB521 be a complete solution for all people, I don't believe that's the case. Some people will apply for it, they will be eligible for it, it will be beneficial to them, others will have little use for it because they have alternates available to them that are not available to all people. So, I'll end my presentation there and pass it over to Jennie.

Ms. Jennie Angell stated I work for Diane Prew in the Information Systems Department. Let me give you a little background. Some of you may remember me from representing non-affiliated issues. Judy Heminger back in the fall had brought to the non-affiliated representatives the proposal for this stipend and in the proposal it called for the 1.25% contribution from the employee for a \$200 benefit. At that time...I am working on my Master's and I was taking a financial analysis course and I had to do a research project so this became my research project that I did for this class because what we're looking at is contributing 1.25% of our pay for a benefit that I may get 10 years, some people may get in

20 years, may get in 30 years...so, my question was is this a good deal, what kind of deal is this, am I getting a windfall, is this is a good deal or is this a bad deal for me. So, what I did was I created four hypothetical employees who get a representative cross sample...I took a 20 year old making \$30,000, a 30 year old making \$40,000, a 40 year old making \$50,000 and a 50 year old making \$60,000 and I calculated all of the money that would be involved and reduced it all down to \$2,005 so you can compare apples and apples...we're looking at the value of their contributions and the value of what their benefit will be when they come to retire. I did make a few assumptions...I assumed all employees would get a yearly 3% merit and a 2% COLA. I assume that the contributions would be invested within the Retirement System at 7.5% because that is their target interest rate. I assumed everybody would die at 78 so I only had to fund the benefit until 78 because actuarially that's when Gerry told me we're all supposed to die, so that's what I used. So, if you look at the sheets...if you look at the sheet that has the title "Retirement Eligibility in the Year 2040" a 20 year old who is currently making \$30,000 a year and if you look at the sheet on the bottom ...this employee could retire at age 55, 56, 57, 58...all the way on up to 65. I have the value of his contributions that would start at age 20 and would go to age 55 if he retired at 55...the value of that contribution with the parameters that I gave you in 2005 dollars is \$9,000.48...the value of the benefit if he retires at 55 with the parameters that I gave you is \$12,000. But, if you look at this, if you get to employees between 59 and 60 that the benefit and the contribution cross and if he waits until he's 65 the value of the benefit he will receive is around \$6,000 but the value of his contribution will be around \$10,000. So, how this works is...the question is is this a good value...it's a reasonable value for a lot of employees in that the employee gets to put this money away pre tax and then he gets the benefit of the Retirement System's 7.5%...the Retirement System which is more than likely is going to do better than the employee will. The payments are based on years-of-service while the contributions are based on the dollar value of what an employee makes...for employees who are on the upper end will make out as well, employees at the lower end will make out better. If you go to my next page I will just run through this briefly...this is the 30 year old who's making \$40,000 and if you look at this also at 55 the value of his contribution will be \$9,000 and the value of his benefit will be \$17,000. The benefit is higher because he will be retiring in 2030 and if when you get up to the 40 year old or the 50 year old which represents me you will see that if you give me this benefit...thank you for the gift, I don't quite fund it but that's because of the way this bill is written...you're grandfathering all of the existing workers who will not have paid for their lifetime. The other sheets that I have for the multi-tiered system...the question was...we were told that some Aldermen wanted the benefit to not be available to anybody until they worked for 20 years and I have issued with that, I didn't think that was fair if somebody worked 19 years and contributed for 19 years and was not eligible to benefit. So, there are those on the committee who came up with a multi-tiered the 5, 10, 15 and 20 so I said well okay what would that do...and this is a tough one because it's all based on dollars and values and every time you change what month somebody retires and every time you change what month they were born the numbers change, so this is just a representative example. But, if you look at this for someone who's making \$55,000 and I

picked \$55,000 because if they're only going to contribute 5 or 10 years they're at the end of their careers so they may be making more money than somebody who's 20 or 30 years old. So, if somebody has worked for 5 years when they're ready to retire and they're retiring at 55 the benefit value because they would only be getting 25% of the benefit would be \$8,000 and they would have contributed \$3,000, so clearly the person working 5 years has got a deal but if you get down to the person who's worked 9 years and he's retiring his benefit will even out when his contribution...if you go over to when he is 65 his benefit value will be \$4,000 and his contribution will be \$5,000, so he is kind of paying for it...there is somewhat of a gift but it's not that great an amount on a going plan. So, when I looked at this what I got out of it is it's a reasonable value for the employee, it isn't a windfall for the employee but all I'm doing here is trying to present what the numbers are. I've got mixed feelings on whether it's a good deal or if it's a program that I think is appropriate so I'm trying not to put that in here. I'm just showing you what the numbers are and if you have any questions I can show you how I got them.

Alderman Guinta stated earlier it was stated that there are a couple of percentages that I think you had spoken about...17% and 40%...can you just repeat those two figures.

Mr. Fleury stated of individual who are employed in the public sector and remain part of the workforce and are electing to stay in the workforce they could qualify to retire but they elect to remain in the workforce...17% of those are doing so because they need the health benefit that comes with their permanent employment and the other statistics is those individuals who plan to retire and part of their plan is that they are going to have to have some other vocation, they're going to continue working after their formal retirement...43% of those will do so in order to have the money to fund health insurance.

Alderman Guinta asked were these national figures?

Mr. Fleury replied these figures came from...the first one came from a 2003 report from AARP, the second one was from a 2004 report from Employee Benefit Research Institute.

Alderman Guinta asked do we know how many retirees in the City of Manchester, how do retirees in the City of Manchester compare to these statistics?

Mr. Fleury replied we really don't compile figures on statistics along those lines. Something that we certainly would be interested in doing...the City's only had a computer system at the Retirement System for going on two years now that can compile demographic information like that.

Alderman Guinta stated it sounds like one of the justifications for the need of this benefit are AARP stats and the Employee Benefit Research Institute stats. I'd be very curious if that's a justification being used, how it's applied to City retirees.

Mr. Fleury stated let me take responsibility for having identified these stats and kind of seized upon them. One of the things I have tried to do as Executive Director over the last year is to get out among the City workers and listen to what they have to say about their pension fund and one thing that I've heard repeatedly is that there are individuals that kind of have that dream of being able to retire early and they look at the cost of health insurance and decide well we're going to stay in the workforce.

Alderman Guinta asked do we know how many people in Manchester are retiring early, do we have any data on that?

Mr. Fleury replied no, Sir.

Alderman Shea stated, Randy, you brought up something...you said 24% of the Enterprise Fund would be into the \$1.2 million, is that what you indicated? What do you mean by that? In other words, are they going to fund that...the Enterprise Fund or are there workers in the Enterprise Fund?

Mr. Sherman stated if you look at the salaries that are paid to Retirement System members and we pay our contributions on a percentage of payroll. If you look at the payroll for those members that work for an Enterprise Fund it represents 24% of the total payroll. So, if you take that \$1.2 million, 24% of that would be coming from the Enterprise Fund.

Alderman Shea stated 25% of the \$1.2 million minus whatever the percentages that is paid in between the 3.5 to 5%...24% of the \$1.2 million would be paid for by the Enterprise Fund.

Mr. Sherman stated yes and let me just clarify that...\$1.2 million was only the employer share, the contribution from the employees is over and above that amount.

Alderman Shea stated anytime that there is a referendum question who sets the timing for that. In other words, is the timing set by the State when they approve a referendum or is the timing set by the Aldermanic Board that would decide as to when it would go on a vote for the general public.

Mayor Baines stated it would be part of the legislation, correct.

City Clerk Bernier replied that is correct.

Mayor Baines stated, Mr. Clark, who would determine when the referendum would be...the Board of Aldermen or the Legislature?

City Solicitor Clark replied the Board of Aldermen has done that in the past.

Alderman Shea stated the Board of Aldermen could decide to put it on the ballot in '06 or '07 or '08 or '09.

City Solicitor Clark replied no. The year would be set...you would determine whether or not to send it to a special election, the primary or to the general election.

Alderman Shea stated oh so it would have to be set within that framework.

Mr. Sherman stated the legislation says that it will either be in September or November of 2005.

Alderman Shea stated in 2005...and then the amendment added would be that people would begin paying in 2005 and would be then the money that would be necessary to implement this particular...whatever we would call it...would take effect in 2006 or 2007...our budget is set so that it would be in our budget in 2007 but it would be actually implemented in 2006 is that the picture?

Mr. Fleury replied the amendment as it's proposed would require that the City begin making contributions July 1, 2006 and that the benefits would become payable at that same time.

Alderman Shea stated it would be determined then that our budget is going to be given to us by the Mayor...we go on a different status here so that our budget is really a year ahead as it were even though we are talking 2005 now, our budget is really the 2006 budget so we're talking in essence of the 2007 budget...

Mayor Baines interjected so it's a year away.

Alderman Shea asked would we have any idea...you're saying that we would have some idea as to how much contribution the City would make towards this by what time would it be...in March of 2006 we would know?

Mr. Fleury replied it's conceivable that we could have a more refined estimate because the numbers we are looking at...remember, are worse case. If it gets to referendum and that referendum passes we could then begin polling individuals to find out exactly how many are going to come forward. We could certainly do that between November and March so that we could refine that number and bring it to an actual, so when the City had to budget for that period beginning July 1, 2006 it would be a known quantity. When would the employees, who choose to be part of that, when would they begin to pay into this subsidy.

Mayor Baines stated they wouldn't choose would they, it would be automatically a part of it.

Mr. Fleury stated that is correct and that would happen ninety (90) days after passage of the referendum.

Alderman Shea stated so if the referendum passed in November '05 in February '06 they would begin paying so that their contributions would be for three months or so or four months prior to its being funded is that correct?

Mr. Fleury replied that's correct.

Mayor Baines stated so if you were an employee and I understand this better because I've been getting some correspondence from some employees that don't want to be a part of this because they have other insurances or they have other accounts that have been set up...there is no choice for the employees whether you want to be a part of it or not, whether you have other insurance or not through a spouse or with some other program you would be required to be privy to this program even if you weren't going to use it.

Mr. Sherman stated if you're an active employee you have to contribute. If you're a retiree you don't have to take the subsidy. You may not take the health insurance through the City. If you're going to get the subsidy you have to use the City's insurance carrier. There may be some that get it through another spouse or they've already purchased a plan...there may be some retirees that choose not to use the subsidy and that's why I think Gerry's saying is the actuary looked at the worse case where everybody took it and most likely wouldn't be the case. We don't know how many would but that would give you time to figure out how many.

Alderman Shea stated now we discussed, Randy, I believe having it run by the City rather than the State because of the legal implications...legislative...in other words once a referendum is set by the State and once all of these things go through the process in order for it to change it has to go back to the State, do you see a benefit for this City handling this rather than the State handling this?

Mr. Sherman replied the advantage of the City handling it if you were to run it as the HRA is that you have the flexibility of the funding and you then only have to pay out what the actual subsidy is in any given year. You don't necessarily have to pre-fund it but by not funding it and keeping it in-house you've reduced your opportunity to get investment earnings and that's the advantage of the trust is the investment earnings are helping you fund the benefit over time. Jennie showed you that the difference between what somebody would kick in and what the benefit would get...well; part of that spread is the investment earnings on those benefits for the next 20 years.

Alderman Shea stated I'm confused as far as the retirement funding because there's something that was inserted that if it goes beyond a certain amount then...I'm not quite sure

how to follow that, but if the retirement funds are too high that means that the City can't contribute or shouldn't contribute or the IRS would come in and say...

Mr. Sherman stated if you set it up in the Retirement System there's a limit to the amount that you can contribute...

Alderman Shea asked who?

Mr. Sherman replied into the medical subsidy account...the employer, correct. For every \$3.00 you give to the Retirement System you can only give \$1.00 to the medical subsidy and the issue is that right now you're 82% funded on the Retirement System so your contributions are high and as you know over the last few years contributions have arisen quite substantially. Once that fund and you get back up to say 100% funding then your contributions on the retirement side will drop back down. What you would be funding on the medical side may exceed that 25% that's allowed and so what happens is you can't fund it any higher than that 25% and now you may get into a condition where you don't have enough funds to provide the benefit that you've told people you're going to provide. Now, it's a think line that you've got to walk and again on the flip side if you get up to 140% on the retirement side you can take some of those assets and shift them over to the medical side.

Mayor Baines recessed the meeting.

Mayor Baines called the meeting back to order.

Mayor Baines stated just a reminder about tomorrow night...we have tours set up starting at six o'clock and hard hats available and if you want to keep the hard hats for the budget session I think we'll probably allow you to do that. We're going to be touring Central High School at six o'clock and the time for the joint meeting is seven, so if you can get there in a timely manner I think the Clerk sent you information about parking and how to access the building.

Alderman O'Neil stated in order to try and keep this moving a little bit I'd move to make a motion on HB499 the housekeeping one that we go on record in support with no referendum. Alderman Roy duly seconded the motion. The motion carried with Aldermen Gatsas and DeVries duly recorded as abstaining.

Alderman Lopez stated I would like to make a motion but before I do that I'd like to say a couple of things since I've been on the Advisory Board now for approximately 18 months working with this. I think it comes down to quite a few things. We just listened for the last hour and probably most of us got a Ph.D. degree out of it...it's so complicated and I think Randy Sherman made a great point and I think that was answered where the money would go into the 2007 budget if this was passed and the voters remember...the voters of the City of

Manchester are the ones that have to approve this. It still has a long process to go and I think at this time...I don't think it would be the right thing to do for us to just arbitrarily kill something...it's going to go through the House, it's going to go through the Senate...there are capable people up there that are going to scrutinize this and look at this and at the same time are going to have pros and cons for everything. I've heard so many people so many times say let the people decide and I can remember three or four years ago, maybe it was four years ago that when the Retirement Board was making decisions and the State stepped in and we had to clean up their whole act and we had to send it to referendum and it was ratified by the voters of the benefits for retirees. So, it's not the case of whether I'm for this or against this or in between...there's a lot of valid points, there's a lot of plus points, there are some minus points there's no question about it but I think we have a process...and one other point before I'd like to make a motion, your Honor, we have organized labor that do all of the work for the unions to get up there and pass bills and get things done and I commend them for that. On the other side of the coin up until 18 months ago the Advisory Board got together and started looking at issues they wanted to change the retirement benefits and it's been quite a number of years before any benefits were changed by an Advisory Board.

Alderman Lopez moved to allow the process to procedure at the State level to see what transpires and what comes back and when it does come back, if it comes back then every Alderman can stand up on the stool and decide whether they support it or they don't support it and they can let the people know. Alderman Osborne duly seconded the motion.

Alderman Garrity stated, Alderman Lopez, I wish you were that gung ho when we were talking about a referendum for baseball but...Randy, the Retirement System is currently funded at 82%, right.

Mr. Sherman replied yes.

Alderman Garrity stated the worse case scenario for our contribution is \$1.2 million, correct, for the first year.

Mr. Sherman replied for the medical subsidy correct.

Alderman Garrity asked if the Retirement System was funded at 100% what would the City's contribution be?

Mr. Sherman replied it wouldn't impact the contribution that's required on the medical side. I can't tell you what it would be on the Retirement side, I think the rate that I had up there was 8.72% and part of that is funding to help it get back up to a hundred. I don't know how that would change, I'd have to go back to the actuary and ask that, but it doesn't change the medical side. It doesn't change that \$1.2 million and that's where my issue is is once the



Retirement side drops if the medical side gets too high or even stays at the \$1.2 million it might exceed that 25%. I just have a concern over that but only time would tell on that.

Alderman Guinta asked was the hearing up in Concord on Friday?

Mayor Baines called upon Mike Colby who has been following this.

Mr. Colby stated there was a hearing on Friday, the committee has not exec'd it yet.

Alderman Guinta asked do we know when they're going to exec it?

Mr. Colby replied they were talking about Thursday but they may even wait until next week.

Alderman Guinta asked does this affect the school side and if not do they have a position on it because I would assume that if this moves forward we're going to get a similar request from the school side that mirrors this.

Mr. Sherman replied it would affect the school side but the school side is included in that \$1.2 million, they would be included in that number. And, again, if those amendments that Gerry spoke about take effect again it wouldn't affect them until their '07 budget.

Mayor Baines stated obviously if individual Aldermen feel strongly about it you can check with Michael in terms of when it's scheduled for hearings or maybe the Clerk could get something out to the Board...people are free to go up and testify.

Alderman Roy stated, Randy, just to confirm some of your numbers...you had the \$102.5 million counting 76% city side, 24% enterprise...did you also break down out of the cost savings that I believe are \$932,000 or \$923,000 was that both general fund and enterprise?

Mr. Sherman replied it was only general fund.

Alderman Roy stated so that may be upwards of 24% light in potential savings.

Mr. Sherman stated some of the enterprise employees I think probably like in Water and EPD...Airport generally has a...because their staff has grown so much in the past 10 years they probably don't have a lot that are eligible for retirement, may have a handful but 24% probably not but certainly there would be more retirements...there's more eligible to retire than 85.

Alderman Roy asked, Randy, how long would it take you to put together the numbers not only for general fund and enterprise but also including the bumping and the trickle down effect so we have an actual number of cost savings on early retirement.

Mr. Sherman replied adding the enterprise wouldn't be that difficult the trickle down effect would probably take some time. Again, it all depends at what level that person is at and how much trickle there is that I have to go through and again we may go from 85 to 100 so you have to go through each employee individually. But, clearly, in a couple of weeks it should be fine to get that information.

Alderman DeVries stated if we're looking to reinsure the risk in our Retirement System are we allowed to under all three methods.

Mr. Sherman stated I'm not sure I understand the question.

Alderman DeVries stated I'm just envisioning we self-insure our health insurance and we have a large group of retirees potentially adding on that may not have previously and that would tend to spew the cost of providing health insurance to all of our employees as well as this cost, so are we allowed to reinsure that risk since we'll be adding a lot of older members into that system eventually?

Mr. Sherman stated you're saying can we bring those people back in...does our system allow that.

Alderman DeVries stated or legally under a 401 (H) channel...

Mr. Sherman stated the 401 (H) you clearly can do that and I guess if we kept them on the self-insured side I don't see any reason why we wouldn't be able to bring them back in.

Alderman DeVries asked what do you mean by "bring them back in"?

Mr. Sherman replied if they come back in...we have some insurance that is a true premium based insurance, so I'm not sure...I've had discussions with that carrier whether they would allowed us to bring those people...I'm not sure...but, if they were coming in and just being on the self-insured side then again that's your own choice.

Alderman DeVries stated so the question and you may not be the person to answer this but I guess what I'd like to have investigated is if we do have them coming back into our self-insured system are we then allowed to offset some of our risk by reinsuring?

Mr. Sherman stated I think that's a question for someone else and I don't know who.

Alderman DeVries asked is that allowed under the 401 (H).

Alderman O'Neil stated I appreciate the presentation this evening. I guess I just want to be clear on the retirees, current retirees are included in the numbers discussed this evening.

Mr. Sherman replied I believe they are, yes. The current retirees at a reduced subsidy.

Alderman O'Neil asked, Gerry, do you know how many there are off the top of your head?

Mr. Sherman stated while he's looking for that...that is only those that are members of the Retirement System. So, it wouldn't include the retirees under the old pension system.

Alderman O'Neil stated okay that's a very good question. How many are collecting...

Mr. Sherman stated in the old system it's about 200.

Alderman O'Neil stated there are 200 collecting under the old.

Mr. Sherman stated yes and that would include some at EPD and Water but a smaller number.

Mr. Fleury stated if I'm interpreting the numbers correctly I believe I am...the maximum number is 469 retirees.

Alderman O'Neil stated that are collecting pensions now.

Mr. Fleury stated that is correct.

Alderman O'Neil stated that excludes the old system.

Mr. Fleury stated that's right.

Alderman O'Neil stated so we have approximately 669 employees. Thank you.

Alderman Shea stated in regard to the retirement subsidy can the Aldermanic Board, if they so choose, designate which type of program they would be most apt to support. In other words, you listed three here and I just wondered is it possible for the Aldermanic Board to take a referendum vote on say or the other ones, is that possible.

Mr. Sherman replied I think if HB521 passes you have to take one on that plan. Now, I guess I'll turn it over to Tom and say can you then put a referendum onto offer one of the other two plans. I don't know.

City Solicitor Clark stated the question on 521 if it goes to the Legislature and passes it's going to go to the ballot, it's mandatory. I don't think the City could then make the option plan available because the employees will be required to contribute already.

Alderman Shea stated what you're saying Tom is that we would have to go along with the Retirement bill that they submitted.

City Solicitor Clark stated correct. If the legislation goes through and passes and goes to referendum and the referendum passes it becomes law as designated in the legislation.

Alderman Guinta stated just to be clear if it goes and it passes that's it, there's no other option. Are retirees in the City eligible for HAS's?

Alderman Gatsas stated no because my understanding is that somebody has got to fund the medical savings account with something and who's going to fund that.

Alderman Guinta stated I'm just looking at an alternative option.

Alderman Gatsas stated the employer normally funds that. The retirees that are currently retired...now, if you're going to tell me the City is going to fund their medical savings accounts and allow them a high deductible I don't think the City's going to do that.

Mr. Sherman stated I would tend to agree with Alderman Gatsas. I'm not sure that you can get there on the current retirees. I think you can get there in the current employees to get them to retire to become retirees...I'm not sure you can get there.

Alderman Guinta stated that wouldn't be a less expensive option.

Mr. Sherman stated again I'm just not sure you can get there...again, I'm not an expert on it and generally have passed on what I have been able to read.

Mayor Baines asked, Carol, can you read the motion we're going to call for a vote?

Deputy City Clerk Johnson replied my understanding of the motion was to allow the State process to proceed and if it comes back to the City to let the voters decide and the Aldermen can make their own decisions and let that be known to the people as well.

Roll call vote was taken. Alderman Garrity voted nay.

Alderman Smith stated I would like to defer to the City Solicitor before I vote am I allowed to vote.

City Solicitor Clark replied I would recommend you did not vote.

Alderman Smith abstained. Alderman Thibault was absent.

Alderman Lopez stated I would like to have more of an explanation because...why wouldn't this be any different than when we took the vote on the Veteran's Exemption...this is not by just one individual benefiting, it's a group of individuals benefiting.

Mayor Baines called upon City Solicitor Clark.

City Solicitor Clark stated under our Charter a member of his immediate family is going to receive a direct financial benefit, he should abstain.

Mayor Baines stated let's proceed.

Aldermen Forest, Gatsas, Porter, Shea and DeVries abstained. Alderman Roy, Sysyn, Osborne, O'Neil and Lopez voted yea. Alderman Guinta voted nay. The motion carried with five yeas and two nays.

Mayor Baines stated thank you very much I appreciate all the work that everybody's put into that.

### **NEW BUSINESS**

Report of the Special Committee on Riverfront Activities and Baseball recommending that the Board approve a proposed emergency access easement between MHRA I, Inc. and Manchester Parkside Place, LLC to enable vehicles to travel north and south across the residential development and the former JacPac land. The Committee further recommends that the Mayor be authorized to execute said easement subject to the review and approval of the City Solicitor.

Alderman Lopez moved to accept, receive and adopt the report of the Committee. Alderman O'Neil duly seconded the motion.

Alderman Gatsas stated I would like a very precise explanation, precise...because sometimes we lose the gist of what we're trying to get to. The maintenance of the egress...who is that going to be maintained by, who's it going to be plowed by, who's going to put the salt on it, who's going to maintain that egress going out to, I guess, Sundial Avenue, is that what it's called or Queen City Avenue.

City Solicitor Clark replied under the wording of this easement...Manchester Parkside Place LLC shall be responsible for the maintenance of the easement area over their property and also for the maintenance of the easement area over the former Tyson property.

Alderman Gatsas stated so they will plow the easement all the way up to Queen City Avenue...

City Solicitor Clark stated all the way up to the public access way.

Alderman Gatsas stated when you say public access way...

Mayor Baines interjected that would be Hancock Street.

City Solicitor Clark stated no, I believe it might be Biron Street.

Alderman Gatsas stated Biron Street is the street that goes to Queen City Avenue.

City Solicitor Clark replied yes.

Alderman Gatsas stated I'm just looking for something very clear because it's taxpayers dollars.

City Solicitor Clark stated the Planning Director may be able to tell you better but Biron Street comes down from Queen City Avenue down underneath the bridge to the parking lot.

Mr. MacKenzie stated coming up Queen City Avenue you'll have Sundial Avenue which is a public street, Biron Street is plowed, however, it is not a public street but rather a private street controlled by the Hesser College building although they have to maintain that property. So, it is plowed. Off from Biron Street would be this access across the JacPac property.

Alderman Porter stated I do have a question. Am I to assume that if the access were not authorized that Mr. Chinburg could not do his project?

Mayor Baines replied that's my understanding.

Mr. MacKenzie stated according to the Planning Board vote they required it as a condition.

Alderman Porter stated so if we took the value of that project...what I'm getting at is if Mr. Chinburg were to put that property up for sale...that project...right now for another developer to come in it would have one value. If the City grants that access that will seriously increase the value of the project to Mr. Chinburg. I certainly would not, at this late date, vote against the access, however, have we ever given thought to putting in any agreement that if the property is sold within one year, two years, three years, four years, five years that the City could get a portion of the proceeds of that sale because by our granting that access we in essence are granting Mr. Chinburg the right to sell that property at a much

higher value...not the individual units, I'm talking about the entire project. I would just like to give that some thought when the access easement...I will vote to grant the easement, however, I would like to have some consideration given to the future that we provide Mr. Chinburg with the ability to build and it has a certain value...certainly a before and after value could be done whether it would be done in-house by our Assessors or we get an appraisal from outside which maybe we wouldn't want to do that but nevertheless I think there is a value differential that the City of Manchester should participate in and I think the difference between those values could be determined and we could scale it on a 1-to5 year, maybe even a 10-year period reducing it each year up to a certain point. Thank you.

Mr. MacKenzie stated I would just like to comment that this is actually a cross easement. So, we actually have a larger area on the Chinburg property that the City uses as an emergency access. The City has two purposes for that emergency access across the Chinburg property. One is that if for some reason now that we've discontinued Bedford Street if South Commercial Street was ever blocked we would need that access to get into the baseball stadium which with a large amount of people we need that emergency access as well as the hotel. Secondly, we should have emergency access from the north down into the JacPac property. So, this is not just an easement being granted to Chinburg this is an access being granted to the City from Chinburg.

Alderman Porter stated that's okay but I look at it that the value to that property needs our access more than we need theirs. So, I would still at least like to pursue that. If it ends up that it's a wash, so be it.

Alderman Gatsas stated following through with Alderman Porter's thoughts once we grant this easement there's not any opportunity for a look back, the deal is done. So, I agree with you that the easement is worth something and there should be some sort of value put into that easement so that if property is sold or it's flipped tomorrow for \$20,000 a unit on 140 units that's \$2.8 million. I would think that we, as a City, with what we sold it for at \$1.4 million on all three parcels would be looking at where this easement is taking us. So, I don't think this easement has to be done today. I think that the opportunity of where again the taxpayer is looking at something here we shouldn't just be alleviating that position because if Mr. Chinburg sells it tomorrow...I'm using a number of \$20,000 a unit and that's what land costs are going for...that's \$2.8 million. Now, that's almost double what that entire project brought to this City. So, I would say that that easement certainly has a monetary value.

Mayor Baines called upon City Solicitor Clark.

City Solicitor Clark stated as I discussed last night. I'm not a value person, I do the legalities. I know Mr. Chinburg's attorney is here if the Board wished to discuss items with him as to why there should or should not be a value placed on the easement.

Alderman O'Neil stated if this easement doesn't happen the Chinburg project won't get approved from the Planning Board, there will be no building permit issued...does Mr. Chinburg have payments due to the City based on completion of these units to help pay the debt service on the baseball stadium which is scheduled to open April 7<sup>th</sup>.

Mayor Baines interjected groundbreaking is scheduled in April.

Alderman O'Neil stated I don't know how we can be playing around and I'm going to use the term "playing around". This is for emergency purposes, it's not for anybody and their brother to be using this anytime they want. This was a requirement or a request by our Fire Department and by our Police Department to the Planning Board and I'm going to move to move the question, let's vote on this.

Mayor Baines called for a vote on the motion.

Alderman Porter asked are we just dropping the idea of pursuing anything?

Mayor Baines replied we have a vote that we're calling for on this agreement.

A roll call vote was taken on the motion to accept the report of the Special Committee on Riverfront Activities and Baseball. Aldermen Gatsas and Guinta voted nay. Aldermen Sysyn, Osborne, Porter, O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Forest and Roy voted yea. Alderman Thibault was absent. The motion carried.

Alderman Gatsas stated point of privilege, your Honor. I think during the course of this whole transaction from beginning to end the City has acquiesced every position. I think it's wrong (1) that we didn't put this on the table and get a professional opinion to come in and tell us if that access was worth anything. I think that's wrong to the taxpayers...the taxpayers during the course of this whole transaction, your Honor, not once has come out on the top end, not once. We've acquiesced, it's cost us more money to close the transaction...\$350,000 for a \$1.4 million transaction and again I heard that the Verizon cost us \$600,000 and that was on a \$50 million transaction. I think that the taxpayers have been put at a bad risk and now they have an opportunity if someone goes out and sells that property we haven't taken the ability to recoup any funds, that's wrong.

Alderman O'Neil stated with all due respect to my colleague from Ward 2 he and I spoke earlier and we happen to disagree on this issue. When he talks about the taxpayers I'd like to remind my colleague we were actually offered more money at one point than the \$1.4 million that was settled through arbitration. So, by us taking some of our positions we haven't acted in the best interest of the taxpayers. We got less money and I wish I had my notes with me but my understanding is that there was an offer for more than what was settled



through arbitration. So, where was the consideration for the taxpayers on that. We thought that land was worth an excessive amount and it wasn't.

Mayor Baines stated I am going to call a halt on this issue. Everything has been well-stated communication on this issue and am going to move to other communications. Alderman O'Neil would you like to talk about the parade on Sunday.

Alderman O'Neil stated the St. Patty's Day Parade is Sunday and steps off from Salmon and Elm and we will be joined...my understanding is we will be joined by three or four members of the New England Patriots per Mr. Kraft and we hope everyone has a chance to get out and view what we believe will be a great parade.

Mayor Baines stated the honoree is the late Charlie Quinn...I know the Committee has gone to great lengths...his wife Betty will be accompanied by a number of the children and grandchildren and they are very honored by the tribute to Charlie and we've also arranged for the NJROTC from West High School...a group that Charlie brought to West High School in the early 1970's as well as the West High School Jazz Band.

Alderman O'Neil stated Alderman Sysyn reminded me that we shall not forget those in the Greek community who will be celebrating Greek Independence Day.

Mayor Baines stated I would like to extend my gratitude to the members of the community who supported the 5<sup>th</sup> Annual Mayor's Blarney Breakfast today at the Radisson Hotel, it was the largest event in its five-year history and it's going to be one of the largest events of its kind in the State and the beneficiaries are the NH Special Olympics and the March of Dimes and I want to thank my sister Shirley Brulotte for her extraordinary efforts in organizing the event...could not have taken place the last four years without her active involvement and the beneficiaries are the youngsters of the Special Olympics and people benefit from the great strides that have been made by the March of Dimes for low birth rate babies and Scott Spradling had twins who were featured today who were born premature over a year ago and a great tribute to the work of the March of Dimes.

Alderman Gatsas asked could we get an update on the Alcohol and Drug Abuse program, the task force.

Mayor Baines stated Marty Boldin has left. Oh, Alderman Garrity is a member.

Alderman Gatsas asked is there a reason why we don't have a department head here?

Mayor Baines replied I think some people left because...with all due respect some people need to go home and sleep as well, but Aldermen don't need to sleep, seriously.

Alderman Garrity stated we had one meeting, a couple weeks ago. We have a meeting scheduled for three o'clock tomorrow. Basically, the first meeting was just setting up what kind of direction we want to go in and we'll have another update for you after tomorrow's meeting at 3 PM.

Alderman Smith stated I'd just like to thank the Highway Department, the Parks and Recreation Department and the Fire Department for helping us out with the St. Patrick's Day Parade. Thank you very much gentlemen.

Mayor Baines stated I think a couple of other tributes should go out to the Airport workers and the Highway department for the great snow removal efforts. This has been an incredible winter to battle and I think we should be very proud of our response to these very aggressive storms and if we could have some sort of an ordinance put in place tonight through special exemption to prevent any further storms for the rest of this fiscal year. Would that be allowed?

Alderman Shea stated the lobbyist wasn't able to come to our meeting Monday but we did have Bob Beaurivage who reported any Water Works bills coming up and both Kevin and Randy came and also Mike Colby. So, what we're going to do is that there is a cross over now as they call it at the State and no bills are really pending for another four weeks that we would be involved with but our next meeting is scheduled for mid-April and at that time I'll make an announcement to the Board members so they are welcome to come.

Alderman Gatsas stated follow up to Alderman Garrity, is that committee to understand that the Mayor's requested a report back by April 1<sup>st</sup>.

Alderman Garrity stated we had some discussion about that at the meeting. We're going to be meeting every two weeks and probably get a better handle on it tomorrow but that's probably not a date that's going to happen. It's probably going to be a little bit later than that.

Mayor Baines stated do the best you can.

There being no further business to come before the Board, on motion of Alderman Smith, duly seconded by Alderman O'Neil, it was voted to adjourn.

A True Record. Attest.

City Clerk